Overview of the Medicaid Drug Program

Presented by the Utah Department of Health

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Applicable Laws and Regulations

Federal

- Title XIX of the Social Security Act
- Title 42 of Code of Federal Regulations

State

- Utah Code Title 26 Chapter 18
- Utah State Administrative Rules R414

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Federal Regulation Highlights

- Requires a “Single State Agency” be designated to administer the Medicaid program (42 CFR 431.10)
- Designates pharmacy services as an “optional” Medicaid coverage (42 CFR 440.120; 440.225
- Makes “Single State Agency” responsible for determining coverage amounts (42 CFR 431.10)
- Allows “Single State Agency” to limit coverage based on medical necessity or utilization control procedures (42 CFR 440.230)

Federal Regulation Highlights (Continued)

- Requires "Single State Agency" to perform Drug Utilization Review (DUR) and have a DUR Board (42 CFR 456.703; 456.716)

- Requires the use of predetermined standards to assess appropriate and medically necessary drug use (42 CFR 456.702; 456.703; 456.716)

State Law Highlights

- Assigns the Division of Health Care Financing as the state agency responsible for Medicaid Program (Utah Code 26-18-2.3)

- Specifies the DUR Board Responsibilities (Utah Code 26-18-101; 26-18-103)

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Division Responsibilities

- Administer an effective, impartial, efficient and economical program
- Safeguard against unnecessary or inappropriate use
- Deny claims failing to meet medical necessity or appropriateness criteria
- Utilize cost containment methods
- Has authority to accept or reject decisions of DUR Board

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Medicaid Drug Program Management

Phase 1	Phase 2
Drug Utilization Review	Preferred Drug List
•Started 1993 •DUR Board •Federally Required •Prior Authorizations on specified drugs •Primary rebates	•Started 2007 •Pharmacy and Therapeutics Committee (P&T) •Federally endorsed •Currently no prior authorizations planned •Secondary rebates

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Phase 1

DUR Board

- Develops and applies predetermined criteria and standards
- Uses predetermined standards and criteria in Prior Authorization program
- Is an agent of the Division
- Uses professional judgment

Phase 1
(Continued)

Prior Authorizations

- Minimize:
  - >Inappropriate use, waste and abuse associated with:
    - Low usage, high cost drugs
      - -- Orphan Drugs
      - -- Biologicals
      - -- Specialty drugs
    - Duplicative and unnecessary therapies
  - >Unapproved, experimental, or investigational uses
  - >Expensive designer drugs designed to garner "uniqueness" through delivery or convenience that do not provide new therapeutic options

- Maximize:
  - >Lower cost alternatives (for example, generics)

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Promote Prevent Protect

Phase 1
(Continued)

Prior Authorizations
(Continued)

- Are an option allowed for any covered outpatient drug (SSA Title XIX Section 1927(d)(1)(A))

- Are not a Preferred Drug List program (Section 1927(d)(4))

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Phase 1
(Continued)

Prior Authorizations
(Continued)

Must:

- Provide telecommunication response within 24 hours of request
- Provide at least 72 hour supply in emergency situations

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Phase 2

Preferred Drug List

- Developed by a P&T Committee
- Uses evidence based criteria- supported by Oregon Evidence Based Practice Center and the University of Utah College of Pharmacy
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- Causes pharmaceutical manufacturers to competitively bid against each other for preferred drug status
- Garners supplemental rebates from manufacturers
- Supported by a multi-state drug purchasing pool- The Sovereign States Drug Consortium (SSDC)
- Federal law allows implementation with a separate PA tool

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